

SENATE BILL NO. 154

INTRODUCED BY COBB

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE STATE CHILDREN'S HEALTH INSURANCE PROGRAM; PROVIDING FOR A LIMIT TO THE ADMINISTRATIVE COSTS AND RESERVES OF ANY ENTITY UNDER CONTRACT WITH THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES TO ADMINISTER THE STATE CHILDREN'S HEALTH INSURANCE PROGRAM; CLARIFYING THAT THE DEPARTMENT MAY EITHER ADMINISTER THE PROGRAM DIRECTLY OR CONTRACT FOR ADMINISTRATION OF THE PROGRAM WITH AN INSURANCE COMPANY OR OTHER ENTITY; PROVIDING FOR THE RETURN OF EXCESS PREMIUM HELD IN RESERVE; PROVIDING FOR AN ACCOUNT IN THE STATE SPECIAL REVENUE FUND TO DEPOSIT EXCESS PREMIUM AND UNEXPENDED APPROPRIATIONS FOR THE PURPOSES OF THE PROGRAM; AMENDING ~~SECTION~~ SECTIONS 17-7-304 AND 53-4-1007, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE, AN APPLICABILITY DATE, AND A TERMINATION DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

SECTION 1. SECTION 17-7-304, MCA, IS AMENDED TO READ:

"17-7-304. Disposal of unexpended appropriations. (1) All money appropriated for any specific purpose except that appropriated for the university system units listed in subsection (2) or state money appropriated for the state children's health insurance program provided for in Title 53, chapter 4, part 10, and except as provided in subsection (4) must, after the expiration of the time for which appropriated, revert to the several funds and accounts from which originally appropriated. However, any unexpended balance in any specific appropriation may be used for the years for which the appropriation was made or may be used to fund the provisions of 2-18-1203 through 2-18-1205 and 19-2-706 in the succeeding year.

(2) Except as provided in 17-2-108 and subsection (3) of this section, all money appropriated for the university of Montana campuses at Missoula, Butte, Dillon, and Helena and the Montana state university campuses at Bozeman, Billings, Havre, and Great Falls, the agricultural experiment station with central offices at Bozeman, the forest and conservation experiment station with central offices at Missoula, the cooperative extension service with central offices at Bozeman, and the bureau of mines and geology with central offices in

Butte must, after the expiration of the time for which appropriated, revert to an account held by the board of regents. The board of regents is authorized to maintain a fund balance. There is a statutory appropriation, as provided in 17-7-502, to use the funds held in this account in accordance with a long-term plan for major and deferred maintenance expenditures and equipment or fixed assets purchases prepared by the affected university system units and approved by the board of regents. The affected university system units may, with the approval of the board of regents, modify the long-term plan at any time to address changing needs and priorities. The board of regents shall communicate the plan to each legislature, to the finance committee when requested by the committee, and to the office of budget and program planning.

(3) Subsection (2) does not apply to reversions that are the result of a reduction in spending directed by the governor pursuant to 17-7-140. Any amount that is a result of a reduction in spending directed by the governor must revert to the fund or account from which it was originally appropriated.

(4) After the end of a fiscal year, 30% of the money appropriated to an agency for that year by the general appropriations act for personal services, operating expenses, and equipment, by fund type, and remaining unexpended and unencumbered at the end of the year may be reappropriated to be spent during the following 2 years for any purpose that is consistent with the goals and objectives of the agency. The dollar amount of the 30% amount that may be carried forward and spent must be determined by the office of budget and program planning."

Section 2. Section 53-4-1007, MCA, is amended to read:

"53-4-1007. (Temporary) Department may contract for services. (1) The department of public health and human services may administer the program directly or contract with insurance companies or other entities to provide services for a set monthly or yearly fee based on the number of participants in the program and the types of services provided or based on a fee for service as established by the department.

(2) The department of public health and human services may contract for a health care service based on a fee for service when the department does not contract for a health care service through an insurance plan, a health maintenance organization, or a managed care plan. ~~The If the department contracts with another entity or entities to provide services as provided in subsection (1), the department shall first offer the insurer the opportunity to negotiate a contract price prior to purchasing a health care service on a fee-for-service basis to the entity or entities that contract with the department.~~ IN OPERATING THE PROGRAM AND PROVIDING HEALTH SERVICES, THE DEPARTMENT MAY:

1 (A) PAY PROVIDERS ON A FEE-FOR-SERVICE BASIS IN A SELF-FUNDED PROGRAM AND CONTRACT WITH AN
2 INSURANCE COMPANY, THIRD-PARTY ADMINISTRATOR, OR OTHER ENTITY TO PROVIDE ADMINISTRATIVE SERVICES,
3 INCLUDING BUT NOT LIMITED TO PROCESSING AND PAYMENT OF CLAIMS WITH PROGRAM FUNDS;

4 (B) PURCHASE HEALTH COVERAGE FOR ELIGIBLE CHILDREN FROM AN INSURANCE COMPANY OR OTHER ENTITY
5 THROUGH PREMIUMS, CAPITATED PAYMENTS, OR OTHER APPROPRIATE METHODS;

6 (C) PURCHASE HEALTH COVERAGE AS PROVIDED IN SUBSECTION (2)(B) FOR SOME TYPES OF HEALTH SERVICES
7 AND CONTRACT DIRECTLY WITH PROVIDERS FOR OTHER TYPES OF HEALTH SERVICES ON A FEE-FOR-SERVICE BASIS; OR

8 (D) PAY PROVIDERS ON A FEE-FOR-SERVICE BASIS AND DIRECTLY PROVIDE ADMINISTRATIVE SERVICES IN A
9 SELF-FUNDED PROGRAM.

10 (3) (A) If the department of public health and human services contracts with an insurance company or
11 other entity to administer the program AS PROVIDED IN SUBSECTION (2)(B) OR (2)(C), NOT MORE THAN 10% 12% OF
12 THE CONTRACT PAYMENT MAY BE USED FOR ADMINISTRATIVE EXPENSES, INCLUDING:

13 ~~(a) not less than 88% 90% of the premium may be used to pay claims and not more than 12% 10% may~~
14 ~~be used for payment of~~

15 (i) direct and indirect expenses as specified in 33-22-1514;

16 ~~(b) any premium in excess of the incurred or estimated claims expenses and the operating and~~
17 ~~administrative expenses of the contract by the insurance company or other entity must be held at interest and~~
18 ~~used by the insurance company or other entity to offset past losses or be allocated to decrease or eliminate the~~
19 ~~number of children on any waiting list, to expand eligibility within the limits provided in 53-4-1004, or to reduce~~
20 ~~premiums.~~

21 (ii) RISK CHARGES; AND

22 (iii) ANY APPLICABLE ASSESSMENTS, FEES, AND TAXES.

23 ~~(b) ADMINISTRATIVE EXPENSES MAY NOT INCLUDE ELIGIBILITY DETERMINATION, ADVERTISING, AND OUTREACH~~
24 ~~FOR THE PROGRAM.~~

25 (4) IF THE DEPARTMENT OPERATES THE PROGRAM BY PROVIDING ADMINISTRATIVE SERVICES UNDER SUBSECTION
26 (2)(A), (2)(B), OR (2)(D), THE DEPARTMENT'S ADMINISTRATIVE EXPENSE MAY NOT EXCEED THE LESSER OF 10% OR THE
27 APPLICABLE FEDERAL LIMITATION.

28 (5) (A) AN INSURANCE COMPANY OR OTHER ENTITY THAT CONTRACTS WITH THE DEPARTMENT FOR A FULLY
29 INSURED CONTRACT AS PROVIDED IN SUBSECTION (2)(B) SHALL CALCULATE THE SURPLUS ACCOUNT BALANCE AT THE END
30 OF EACH CONTRACT YEAR AND MAY RETAIN AN AMOUNT EQUAL TO 50% OF THE RISK CHARGE ALLOWED UNDER THE

1 CONTRACT. THE REMAINDER OF THE SURPLUS BALANCE MUST BE DEPOSITED IN THE STATE SPECIAL REVENUE ACCOUNT
2 PROVIDED FOR IN [SECTION 3].

3 (B) FOR THE PURPOSES OF THIS SUBSECTION (5):

4 (I) "RISK CHARGE" MEANS THE PERCENTAGE OF THE ADMINISTRATIVE EXPENSE ALLOWED IN THE CONTRACT FOR
5 ASSUMING THE RISK;

6 (II) "SURPLUS ACCOUNT BALANCE" MEANS FUNDS THAT REMAIN AFTER ALL CLAIMS AND ALL ADMINISTRATIVE
7 EXPENSES HAVE BEEN PAID FOR A CLAIM PERIOD. (Terminates on occurrence of contingency--sec. 15, Ch. 571, L.
8 1999.)"

10 NEW SECTION. SECTION 3. STATE SPECIAL REVENUE ACCOUNT. (1) THERE IS AN ACCOUNT IN THE STATE
11 SPECIAL REVENUE FUND TO THE CREDIT OF THE STATE CHILDREN'S HEALTH INSURANCE PROGRAM ADMINISTERED BY THE
12 DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES. ANY INTEREST OR INCOME DERIVED FROM THE ACCOUNT MUST
13 BE DEPOSITED IN THE ACCOUNT.

14 (2) MONEY DEPOSITED IN THIS ACCOUNT MUST BE USED BY THE DEPARTMENT TO COVER ADDITIONAL CHILDREN,
15 TO EXPANDE ELIGIBILITY WITHIN THE LIMITS PROVIDED IN 53-4-1004, TO REDUCE OR MAINTAIN PREMIUMS, OR TO ESTABLISH
16 AND MAINTAIN A RESERVE.

17 (3) THE DEPARTMENT SHALL TRANSFER THE UNEXPENDED BALANCE OF AN APPROPRIATION INTO THE ACCOUNT
18 PROVIDED FOR IN SUBSECTION (1) AT THE EXPIRATION OF THE APPROPRIATION TO BE USED FOR THE PURPOSES STATED
19 IN SUBSECTION (2).

21 NEW SECTION. SECTION 4. CODIFICATION INSTRUCTION. [SECTION 3] IS INTENDED TO BE CODIFIED AS AN
22 INTEGRAL PART OF TITLE 53, CHAPTER 4, PART 10, AND THE PROVISIONS OF TITLE 53, CHAPTER 4, PART 10, APPLY TO
23 [SECTION 3].

25 NEW SECTION. Section 5. Effective date. [This act] is effective on passage and approval.

27 NEW SECTION. Section 6. Applicability. [This act] applies to contracts offered, issued, or renewed
28 after [the effective date of this act].

30 NEW SECTION. Section 7. Termination. ~~[Section 1] terminates~~ [SECTIONS 1 THROUGH 3] TERMINATE

1 on the date that the director of the department of public health and human services certifies to the governor that
2 the federal government has terminated the program or that federal funding for the program has been
3 discontinued.

4 - END -